

ECONOMIC INFORMATION REQUIREMENTS FOR PROPOSED COASTAL RECREATION PROJECTS

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October 1988

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ECONOMIC INFORMATION REQUIREMENTS FOR PROPOSED COASTAL RECREATION PROJECTS

I. BACKGROUND

Coastal recreation is generally regarded as one of Louisiana's fastest growing coastal industries. The term "recreation" refers to any experience which is voluntarily undertaken during leisure time and from which an individual derives satisfaction. Coastal recreation thus refers to such experiences derived from the coastal zone.

Louisiana's coastal zone is one of the most desirable locations for recreation in the state. Recent studies show that the state's residents generally have the same pattern of involvement with outdoor recreation as has been reported in nationwide surveys. In particular, participation in water-based activities ranks high among outdoor recreation pursuits according to the Louisiana Departments of Culture, Recreation and Tourism and Wildlife and Fisheries and the US Department of the Interior reports.

This pattern of involvement in and resulting demand for coastal recreation facilities and services has helped focus attention on several Louisiana-specific problems. Concern has been expressed regarding supply and demand issues, suitable sites and adequate facilities, access, markets, use conflicts, environmental compatibility and viability of the various projects and proposals.

The Louisiana State and Local Coastal Resources Management Act of 1978, Act 361, provides an opportunity for considering and resolving these problems. Act 361 initiated a major effort to develop a coastal management program at the state and local level in accordance with the federal Coastal Zone Management Act of 1972. The Legislature declared, among other points, that: (1) the resources of the state's coastal zone were to be protected, developed and, where feasible, restored or enhanced while providing for economic growth and development; (2) multiple uses of the coast were to be supported and encouraged; (3) conflict resolution among competing uses was to be encouraged; and that (4) opportunities for the recreational use and enjoyment of the coastal zone were to be enhanced.

Section 213.8 of Act 361 provides for the promulgation of Coastal Use Guidelines which enable the formulation of the policies and criteria needed to guide management decisions in the state's coastal zone. The Guidelines are organized in such a way that projects and proposals can be evaluated on their individual merits for compliance.

Guideline 1.6 is an informational guideline that lists those factors which will be considered in evaluating the permit application.

Under Guideline 1.6, primary responsibility is on the decision maker to request or generate necessary information regarding the impacts of a use and the existing environmental conditions under which the proposed activity would be located and

carried out. The responsibility, however, is on the applicant to provide sufficient information on the proposed use itself, the applicant's needs and financial ability, and alternatives available to the applicant which would permit the use to be carried out successfully.

Numerous permit applications for recreation developments in Louisiana's coastal zone have been filed with the Coastal Management Division (CMD) of the Department of Natural Resources. CMD has determined that applicant's frequently need to provide more detail in the permit application concerning the key aspects involved in determining the economic and financial viability of proposed projects. To this end, this document has been prepared for use by applicant's in compiling this information.

II. ECONOMIC INFORMATION REQUIREMENTS

Four basic aspects of the project should be addressed by applicants in connection with the proposed coastal recreation project(s);

- Project overview
- Market Analysis of the Project Area
- Market Analysis of the Competitive Environment, and
- Financial Analysis

1. PROJECT OVERVIEW

The Project Overview should be a descriptive presentation of the proposed project and a summary of alternative sites considered. If effect, this overview should be a synopsis of the project information that is contained in the basic Joint Permit Application.

1.1 DESCRIPTION OF THE PROPOSED COASTAL RECREATION PROJECT

The project description should include details regarding the proposed site(s) and the rationale for the proposed project, i.e. the demand factors that have motivated the applicant. Illustrations or other graphic presentations should also be included in this section unless they are already included in the basic Joint Application Form, in which case referenced to this information would suffice.

1.1.1 Site Description

The site description should consist of specific information concerning the project's location and the physical characteristics of the development site. The location of the property, acreage available for development, access to the property by land and water and proximity to population centers are to be specified. The ownership of the proposed site and that of adjacent properties should be noted. The current use of adjacent properties and their compatibility with the proposed project should also be identified.

The site's physical resources should be discussed in terms of advantages and disadvantages from a development standpoint. The site's attributes as well as its shortcomings should be highlighted.

1.1.2 Development Concept

The applicant should thoroughly describe the type and size (including the capacity) of the development that is proposed; the intended use of the facilities; the types of services what will be available; and project phases or stages. Master Plan illustrations or other graphic presentations of the proposed project should be included. Photographs, engineering drawings, or other layouts of the proposed project are acceptable.. If alternative configurations for the project were considered but rejected for environmental, economic, engineering, etc. reasons, they may be included as part of this section.

1.2 ALTERNATIVE SITE(S)

An important aspect of project development is the consideration and investigation of alternative sites. The applicant should describe the other site(s) considered, and thoroughly explain the economic, engineering, environmental or other reason(s) why the other site(s) were not selected for development. If an application is submitted for a site that impacts wetlands when another site that does not damage as much wetlands appears to be available, then the analysis of alternative site(s) should be especially thorough. If the more damaging site is chosen because of economic reasons, then a complete financial analysis, as described in Section 4, should be provided for the eliminated site(s) as well as the selected site. This analysis is requested to provide CMD with the information necessary to evaluate all the sites available for the development in addition to providing the applicant with the opportunity to justify his/her selection decision for a particular site.

2. MARKET ANALYSIS OF THE PROJECT AREA

A market analysis of the project area is needed to provide relevant information concerning current and near-term economic conditions that may affect the economic feasibility of the proposed project. The project area is generally defined as the area within a 100-mile radius of the proposed project. Applicants, however, should carefully analyze their specific market area as it might be either smaller or greater than the designated 100-mile radius. In defining the project area, the applicant should define the radius designated for the proposed project and identify the major metropolitan area(s) affecting the economy of the market area.

2.1 GENERAL SOCIOECONOMIC CHARACTERISTICS

The market analysis should include an overview of the social and economic features of the project area. Vital demographic characteristics and key agricultural, business and industrial activities should be reported.

2.1.1 Demographic Profile

The demographic profile, including the project area's population characteristics (total population, households, age distribution, income, size of family and employment statistics) and rural/urban and population density figures should be presented. These data should be for the past ten years and, to the extent possible, should include projections or statements regarding growth trends for the project area.

2.1.2 Agriculture, Business and Industrial Activities

It is important that the market analysis contain relevant information on the key activities of the agricultural (including fisheries), business and industrial sectors in the project area. Particular emphasis should be placed on trends within those sectors, i.e. whether they are experiencing growth or decline or are emerging. This information will enable the applicant to make a cursory assessment of current and near-term market conditions and overall economic stability of the project area.

2.2 RECREATIONAL AND BOATING INDUSTRY MARKET PROFILE

A profile of the project area's water-based recreational industry and boating community will assist the applicant to identify the proposed project's general market.

2.2.1 Water-based Recreation Market

Information regarding outdoor recreation participation and relevant attitudes about such activities and programs in various regions of the state should be consulted as part of the market determination effort.

In addition, a profile of the water-based recreational market should include the identification and analysis of related facilities and services within the project area. Included are such industries as marinas, boat launches, lodging and eating establishments, tourist and recreational attractions, public parks, and any other attractions of interest.

2.2.2 Boating Industry Profile

A profile of the project area's boating industry can be prepared using recent sales and registration data compiled by the Louisiana Department of Wildlife and Fisheries and the US Coast Guard and statistics from the National Marine Manufacturers Association. Size, type and boat distribution information can be obtained from these sources.

3. MARKET ANALYSIS OF COMPETITIVE ENVIRONMENT

The proposed project's competitors, if any, need to be identified and analyzed. A summary of the existing competing facilities and their expansion plans (if known) should be provided. An accurate assessment of the competitive environment would allow the permit applicant to determine the current situation within the targeted market and allow for decisions concerning the type of facility to be developed, the size of the facility, services to be offered and fees to be charged for use of the facilities and/or services.

3.1 PROFILES OF MAJOR COMPETING DEVELOPMENTS

A profile of the major competing developments within the project area should be developed. A table and brief written summary should include information regarding the year the project was built, the facilities and services offered and previous as well as planned expansions. Pricing information and the vacancy rates for the competing facilities should also be included. If possible, the applicant should compare the competing developments to the proposed project

for factors such as overall location, access and convenience to the target population, prices and any unique features offered.

4. FINANCIAL ANALYSIS

THIS INFORMATION WILL REMAIN STRICTLY CONFIDENTIAL

The financial analysis will provide the applicant with a method of evaluating the financial feasibility of the proposed project. Most of this information can be obtained from the project's financial prospectus.

The analysis is based on projected cash flows and capital budgets. Estimated costs and returns used in the financial statements should reflect as closely as possible all expenditures incurred while realistically projecting the revenues to be generated by the project.

If a feasibility study has been conducted for the proposed development for use in obtaining financing, this document or excerpts from the document deemed essential for providing information concerning the financial viability of the proposed development may be submitted in lieu of the requirements set for in Sections 4.1 and 4.2.

4.1 FINANCIAL STATEMENTS

Two types of financial reports are needed: discounted cash flow statements and a summary of project development and operating costs.

4.1.1 Discounted Cash Flow Statement(s)

Discounted cash flows for three to five years should be derived from estimates of anticipated revenues from the facilities and services that will be provided by the proposed project. The rental rates and service fees used for the revenue projections should reflect current and near-term market rates. The occupancy rates are a subjective measure and should be comparable with those experienced by similar developments. Additional revenue-producing components associated with the development should also be included in the cash flow statement.

4.1.2 Development and Operating Costs

The proposed project's estimated costs should be categorized as either startup or construction costs and annual operating expenses. A summary statement should be included for the startup or construction costs expected to be incurred by the proposed project and projected annual operating expenses of the project. The estimates included in these statements should reflect as accurately and completely as possible those expenditures to be incurred by the proposed project.

4.1.3 Other

Any other financial statements available to enhance the requested information can be included in the financial analysis section.

4.2 CAPITAL BUDGET DECISIONS

Capital budgeting refers to actions relating to planning and financing capital outlays. Capital budgeting decisions provide a means to evaluate an investment decision. These procedures include calculations of: (1) the projects payback period, and (2) the internal rate of return derived from the project.

4.2.1 Payback Method

The calculation of the payback period estimates the length of time required for an investment to recover its initial cost from the generated cash receipts. It is not a true measure of the investment's profitability, but it is an indication of the speed of recovery of said investment. The payback period is determined by:

$$\text{Payback Period} = \text{Investment required} / \text{net annual cash flows}$$

All other factors being equal, the project with the shortest payback period is the most desirable investment. When the net annual cash flows are uneven, the calculations should be done on a year to year basis.

4.2.2 Internal Rate of Return

The internal rate of return (IRR) is defined as the true interest rate expected to be generated by an investment project over its useful life. It is computed by finding the discount rate which will equate the discounted present value of the investment to zero. This capital budgeting procedure is used to compare the cost of capital to determine if the project is feasible. The internal rate of return can be calculated as follows:

$$\text{Factor of IRR} = \text{Investment} / \text{Annual Cash Flow}$$

Tables in most finance or accounting books are used to locate the factor to determine the expected rate of return to be generated by the investment.

The acceptability of the calculated internal rate of return is determined by the required rate of return of the investment. An internal rate of return is acceptable when it exceeds the required rate of return stipulated. When uneven cash flows are used, a trial and error process is used to determine the internal rate of return.

APPENDIX A

ANNOTATED LIST OF INFORMATION SOURCES

Federal Information Sources

Federal publications are a good source of information. They are available at libraries designated as Government Documents Repositories. The libraries at Louisiana State University and the University of New Orleans are both recipients of such a designation. Staffs are available to help in locating desired materials. The following federal departments and agencies publish information which may also be of assistance. Regional offices listed in the telephone directory can also be contacted for additional information.

- US Department of Commerce
- Bureau of the Census
- Bureau of Economic Analysis
- Economic Development Administration
- National Oceanic and Atmospheric Administration (NOAA)
(Sea Grant and National Marine Fisheries Service)

- US Army Corps of Engineers
- New Orleans District

- US Department of the Interior
- Fish and Wildlife Service
- Minerals Management Service
- National Parks Service

- US Department of Transportation
- United States Coast Guard

- Small Business Administration

State Information Sources

Information generated at the state level is available at the Louisiana State Library in Baton Rouge. Other libraries throughout the state may have information available. Departments of state government that publish relevant information also may be of assistance. Some are listed below. If the library does not have the desired information or if more specific information is needed, then that Department should be contacted directly. Telephone numbers are found in the Baton Rouge Telephone Directory in the State Government Section.

Louisiana State -

- Department of Culture, Recreation and Tourism
- Department of Economic Development
- Department of Justice
 - Land and Natural Resources
 - Land and Water bottoms
- Department of Labor

Department of Natural Resources
Department of Transportation
Department of Wildlife and Fisheries

Louisiana State Planning Office
Louisiana State Library

Local Information Sources

The following are possible sources of information at the parish and local level. Contact with these agencies provides help in the planning process for a specific site.

Chamber of Commerce
Clerk of Court
Police Jury
Regional Planning Council
City / Parish Planners or Engineers
Library
Cooperative Extension Service
Newspaper
Telephone Directory
Economic Development Districts or Commissions

Miscellaneous

Louisiana State University and University of New Orleans
Library-Government Documents Repository
Louisiana State University
Sea Grant College Program
Entrepreneurship Institute
Recreational Boating and Related Associations
National Marine Manufacturers Association
Boating Industry Report
Recreational Boating Trade Publications
Planners / Developers / Engineers
Private Consultants
Accountants
Person Observations
Publications
Sales and Marketing Management - Annual Forecast
Business Weekly
Economic Indicators

APPENDIX B

SUMMARY OF DEVELOPER'S EXPERIENCE

A summary of the developer's experience should be included to provide CMD with information concerning previous experience in related projects. The summary should include developments, both under construction and completed, date undertaken and completed, type of developments, location and success of the development. Any additional information considered relevant should also be included.

THE FOLLOWING DOCUMENT WAS PREPARED TO
PROVIDE GUIDANCE TO COASTAL RECREATION
PROJECT PERMIT APPLICANTS. IT IS AN EXAMPLE OF
HOW TO COMPILE AND PRESENT THE INFORMATION
REQUIRED TO ASSESS THE ECONOMIC AND FINANCIAL
VIABILITY OF SUCH PROJECTS. THE REQUESTED
INFORMATION MAY BE PRESENTED USING FORMATS
OTHER THAN THE ONE DEPICTED IN THIS EXAMPLE.

THE NAMES AND NUMBERS IN THE EXAMPLES ARE
FICTITIOUS. INFORMATION FOUND IN THIS DOCUMENT
SHOULD NOT BE USED IN ACTUAL DOCUMENT PREPARATION.

ATTACHMENT

SAMPLE SUPPLEMENTAL INFORMATION REQUIREMENTS

BEAU SOLEIL MARINA

Bayou Carrollton
Carrollton, LA

PROJECT OVERVIEW

Lac Louisianne is one of Louisiana's largest and most scenic recreational resources. The residents of Castille and surrounding parishes enjoy water-based activities on the lake, but the potential of and the opportunity for recreational facilities has yet to be fully exploited. A unique development situation presents itself to the advantage of the northern section of the lake. Metropolis has become congested and many of its residents have chosen to commute from outlying areas where they now enjoy a more leisurely lifestyle. The Huntington/Carrollton and Easton areas have benefitted from this outward migration of higher income families and have been experiencing rapid population growth.

This trend plus the scenic attraction of Lac Louisianne has enhanced the interest in boating and local marina facilities. In addition, the north shore of the lake is readily accessible via the Pelican Expressway. Boaters and other recreationists have for a number of years found the area attractive for family-oriented recreation, entertaining and social activities, and Carrollton, in particular, has become an attractive recreation-oriented community with excellent access and minimal travel time.

SITE DESCRIPTION

Located on scenic Bayou Carrollton, on the edge of the Carrollton city limits, the proposed Beau Soleil Marina will provide much needed recreational facilities for the north lakeshore area. The site chosen for the marina is located on a small cove on Bayou Carrollton, off Hampton Avenue in Carrollton, LA (see Figure 1). Although located next to the city, the location is part of an area that is rich in natural beauty and will provide a perfect place to get away from the pressure of city life.

Planning for Beau Soleil Marina was undertaken with concern for the environment while taking advantage of the resources at hand. Ten acres of upland area were acquired for development of the marina, and the development plan preserves the natural balance of the area. Native trees and plants will be combined into the landscaping with other decorative foliage to extend the natural beauty of the area. The cove is approximately 1/4 mile from open water, off a natural channel in Bayou Carrollton. The location gives quick access to the lake but is also upland enough to act as a natural buffer to adverse weather. Properties adjacent to the development site include a public boat launch site and a residential subdivision. An

undeveloped strip of property between the back of the subdivision and the marina property will serve as a buffer between the marina and the subdivision residents.

The project site will require minimal earthwork. Because the property is classified as an upland area, only a small amount of dredged material will be used in the construction of the parking area. The remainder will be used as fill material at other upland locations away from the development site. The overall development of the site should be relatively trouble free. The major environmental concern is the cove, where a potential water quality problem exists due to possible low dissolved oxygen levels. This problem is addressed thoroughly in the basic Joint Application Form.

DEVELOPMENT CONCEPT

Beau Soleil Marina is a proposed recreational marina that will cater to the recreational sailboat community. Modern facilities will provide the boating enthusiasts with a convenient location from which to base their water-oriented recreational and leisure activities.

Beau Soleil Marina will open with 170 boat slips featuring floating docks instead of the more common fixed docks. Floating docks are relatively new to the Gulf Coast area and have been used successfully in other areas of the country. The slips range from 25 feet to 60 feet in length and will be furnished with electricity and water. Services available at the marina will include dockside fuel, a sewer pump-out facility (available to the boating public and marina tenants), a three ton hoist and covered dry storage facilities with private storage rooms for 30 boats. Among the facilities available for use by the clientele will be restroom and shower facilities as well as a pavilion for informal gatherings and parties. Picnic tables and BBQ pits will be located on the property and an area will be designated as a playground for children. A convenience store will be located in the same building as the harbormaster's office. Figure 2 depicts the proposed layout of the marina development.

The proposed site for Beau Soleil Marina is well suited for marina development. The project has good access to population and employment centers, major attractions and other recreational facilities. Beau Soleil Marina has many positive features and should be successful.

ALTERNATIVE SITES

Investigation of one other site was undertaken for the possible development of Beau Soleil Marina on the north shore. The property considered is located east of The Bluffs on Lac Louisianne. The site was rejected after careful evaluation of the physical characteristics of the property. The acreage consisted of marshland which would have required dredging of a channel to the lake. Extensive work on the site would have been required for construction of buildings and the parking area. The additional expenses incurred as a result of this work would not have been recoverable within a reasonable timespan, and the site's environmental constraints would in all likelihood have delayed the permit granting process.

MARKET ANALYSIS

In the early 1980's, the Louisiana economy suffered along with the rest of the nation from a recessionary period. Louisiana has been slow in recovering but has recently begun experiencing an upturn in some areas.

The siting of Beau Soleil Marina was undertaken with concern for the attraction of clientele from the immediate market area. Attention was given to factors that would provide both a population to support the project and the economic conditions favorable to new business.

Located within a 30-mile radius of Beau Soleil are six cities from which the marina will attract clientele. Included in the market area are Carrollton, Huntington, Easton, Morganton, and Metropolis, Louisiana and Fairgreen Mississippi. The cities located on the north shore of Lac Louisianne have easy access to the marina site by means of the existing highway system. The expressway and I-10 make the north shore readily accessible from the Metropolis metropolitan area. Brampshire, which is located in the 70-mile radius, or secondary market area, provides another market to target for building clientele. The economic conditions within these areas will determine the success of the proposed marina project.

Carrollton (the immediate target market of Beau Soleil Marina), a favored resort community because of the mild winters and subtropical summers, has experienced steady growth as a "bedroom community" attracting more affluent families who want to get away from the crowded city. An enthusiastic sailing community is found among those individuals enjoying boating in the Carrollton area.

SOCIOECONOMIC CHARACTERISTICS

Louisiana has experienced an 10.8 percent increase in population since 1980. From 1980-1986, parishes in the south and southeastern portion of the state showed the most significant growth. Three of the four most heavily populated parishes, Castille, Claremont and Scranton, are located in the area identified as experiencing population growth. Congestion in the residential areas of Claremont Parish has resulted in migration to bordering parishes, in particular to Castille Parish, where a 42.4 percent increase in population was noted in the southern portion of the parish.

Demographic characteristics of the population in Castille Parish are presented to identify the target population. An estimated 436,100 households are located within the primary market area. One-third of the population is between 25 and 45 years of age, and 41 percent of these individuals are in the urban areas of the parish. Unemployment rates for the area have been below the state average at 10 percent for 1987.

Louisiana Department of Labor population and household projections for the Metropolis and Brampshire Standard Metropolitan Statistical Area's (SMSA) through the 1985-2000 period are presented below:

Year	Population	Households
	Metropolis	
1985	1,585,984	485,963
1990	1,659,587	498,748
1995	1,699,586	547,975
2000	1,765,329	556,892
	Bramphshire	
1985	599,878	171,716
1990	636,570	187,943
1995	660,519	195,994
2000	669,850	205,788

To the recreational boating industry in the Lac Louisianne area, this population growth translates into potential boat buyers who, if financial conditions are right, will be come larger boat owners, requiring boat slips in area marina developments.

Based on estimates from *Sales and Marketing Management* for the 1986-91 period, conditions for this to occur seem good. Projected average household effective buying income (EBI) for households in the Metropolis SMSA will increase from a 1986 average of \$30,953 to \$43,334 in 1991.

Another important indicator of market potential and economic growth is retail sales. Total 1991 projected retail sales for the Metropolis SMSA is almost \$14.2 million, a 43.7 percent increase over the 1986 total. The Bramphshire SMSA is projected to have over \$8.6 million in retail sales in 1991, a 42.8 percent increase from 1986. Projected retail sales per household is projected to increase from \$17,925 to \$23,829 in the Metropolis SMSA, and from \$17,955 to \$22,036 in the Bramphshire SMSA in 1991, a projected increase of retail sales of 35 and 30 percent for the Metropolis and Bramphshire SMSA's respectively.

Business activities within the southern area of Castille Parish are mainly service oriented as a result of a predominately commuter lifestyle. Agricultural industries dominate the northern portion of the parish with thoroughbred horse farms, plant nurseries, and timber production. Marine fisheries (i.e. shrimp, crab, and oyster) support the seafood industry in the area.

RECREATIONAL INDUSTRY PROFILE

A Recreation Participation survey conducted by Parker Smith Research Institute in 1983 collected information on persons participating in outdoor recreation throughout Louisiana. An increase in almost every activity included in the survey was noted. Pleasure boating participation showed "healthy" gain in Louisiana whereas sail boating participation declined only slightly. PSRI's assessment of future outlook for the boating industry indicates steady participation but boaters by indicates this activity is subject to economic conditions within the state.

Castille Parish offers numerous recreational opportunities. Fishing, boating, swimming and water skiing are a few of the sports that are enjoyed by outdoor water enthusiasts. For those who prefer the peace and quiet of the country side, Castille is also known for it's antique shops and local arts and crafts found in the small picturesque towns just off the north shore of the lake. Across the expressway, Metropolis is less than 45 minutes away and provides the excitement of the Warehouse District with music, historic sites, museums and cuisine just to name a few attractions.

Many fine restaurants featuring seafood specialties, oriental and creole cuisine are found in the urban areas along the north shore of Lac Louisianne. As assortment of fast food restaurants are also within a short distance from the waterfront. Hotel, motel and bed and breakfast accommodations are also available for visitors. Local phone directories provide a ready source of this information.

BOATING INDUSTRY PROFILE

The marina facilities of Lac Louisianne's north shore are not meeting the recreational boating needs and demand of the area. Approximately 2,900 boat slips are available in the 30-mile primary market area. Some 1,400 slips are found on the north shore, and the marinas in the area are operating near or at capacity. Some have indicated they have a waiting list of 75 to 100 names for boat slips at their facilities. These marinas are profiled in the next section. The established south shore marinas are also operating at capacity, with a total of 1,500 boat slips. Other marina facilities serving primarily the eastern section of the Lake are not profiled as they are not oriented towards the utilization of Lac Louisianne.

The support industry on the north shore includes two boat yards with complete equipment for overhauling, 12 repair shops located at boat retailing establishments, 9 independent repair store and a boat yard for the do-it-yourselfers. Nearly 40 boating establishments, i.e. dealers and retail stores, are located on both sides of the lake. They sell and service an extensive range of power boats, sailboats, commercial fishing and recreational craft. Related equipment supplies and hardware are available at a number of smaller hardware and specialty stores in the area.

Highlights of the recreational boating market in the January 1987 issue of Boating Industry indicated that there is "a continued, strong growth in the industry's consumer base . . . as the industry aggressively pursues its prime target: the baby boomers." With the increase in population noted earlier, total boating demands in the state for recreational and commercial use can be expected to increase given all other factors affecting boating demand are held constant. According to the Census of Population, over 40 percent of the primary market's population is in the 25 to 45 year old age bracket.

In Louisiana, the number of boats registered increased sharply during 1965-84 period. The annual growth rate was approximately 18 percent. Over the 20-year period, this translated to an increase of 329 percent. (see Table 1). The increase in the number of registered boats in the state during this 20-year time period reflects not only an increase in the state's population, but also an increase in the number of boats per capita (Table 1). In 1965, only one resident in 50 had a registered boat, i.e. one registered boat for every five households. These numbers are conservative in that only those boats with motorized power are required to be registered. Sail boats may not be included in these figures, thereby underestimating the recreational

boating numbers. Boat registration data also show that state registered boats are concentrated in the more heavily populated parishes and coastal parishes which are included in the Beau Soleil market area. The top five parishes (by population) recorded almost a third of all state-registered boats, and the top ten parishes, about half of the total number of state-registered boats.

COMPETITIVE ENVIRONMENT

A look at the competitive environment faced by Beau Soleil Marina has provided an opportunity to identify the marina industry found in Lac Louisianne. An overview of the facilities on the Lake is presented in addition to a profile of those marinas perceived as the “competition”. The information used to identify the competing marina facilities was obtained by personal observation of facilities, physical counts of empty slips and through personal conversations with owners and operators of facilities in the area.

The Lac Louisianne marina industry has recently experienced an unprecedented expansion on both the north and south shores. Within the last two years, nearly 900 wet slips were built on the lake bringing the total number of wet slips to an estimated 2,900. Geographically, they are basically evenly divided between both shores. The eastern section of the lake area housed only seven percent of the slips identified and was not analyzed for the purposes of this supplement as it was not judged to be a competitive environment.

There are approximately 1,500 boat slips on the south shore of Lac Louisianne within the Metropolis metropolitan area. Two of the existing marinas are currently at capacity and have no room for expansion. The newest marina development plans to eventually more than double its capacity. This marina has not experienced the growth rate expected and is currently operating at 50 percent occupancy, resulting in the second phase being put on hold. If the facility is expanded, the number of wet slips on the south shore would increase to approximately 2,100.

The principal area of interest to Beau Soleil Marina is on the north shore of Lac Louisianne, stretching from the Pelican Expressway to Interstate 10 at Easton. Those marinas currently operating on the north shore that were perceived as the “competition” are individually profiled in the following section. On the north shore of Lac Louisianne approximately 1,400 boatslips comprise the marina industry. These facilities are not meeting the needs (i.e. waiting lists for slips) of the boating community of the area, hence the proposed addition of Beau Soleil Marina.

PROFILES OF MAJOR COMPETING DEVELOPMENTS

North Lakeshore Harbor Marina

North Lakeshore Harbor Marina is part of a billion dollar 750 acre multi-land use project on the north shore of Lac Louisianne. The marina, built in 1987, offers 450 slips and currently has a 60 percent occupancy rate. The marina features a floating dock system, one of the few found on the Gulf Coast. Boat slips in the marina range from 25 to 80 feet in length

There is no room for expansion of the marina facilities, but phase two of North Lakshores Harbor, currently under construction, will offer a waterfront restaurant, yacht club and

residential housing. Occupancy at the marina is expected to increase to approximately 90 percent upon completion of the second phase of the development. A third phase will include an 18 hole golf course with a country club. Numerous non-marine related recreational amenities will be developed in conjunction with the second and third phases.

Lakeview Marina

As one of the oldest and largest marinas on the north shore of Lac Louisianne, Lakeview Marina has expanded to its limits with 328 slips. The marina, built in 1950 offers excellent access to sailing waters and sport fishing. The facilities are currently undergoing renovation and should be completed in early 1989. The marina has only recently experienced less than 100 percent occupancy, which might be attributed to the age and condition of the facilities. Occupancy is expected to rise once again to capacity as a result of the renovation.

Lakeview Marina offers a complete line of marine services. Electricity and water are available to all the slips. A repair service for boats and motors is available at the marina in addition to retail sales of marine equipment, hardware and fuel.

Pelican's Roost

Pelican's Roost is located on the lakefront. The marina has 200 slips, 190 for permanent slips and 10 designated for transients. Pelican's Roost is at full capacity, with its boaters divided evenly between sailboats and powerboats. A variety of marine facilities are offered at the marina, including a launch ramp, dockside fuel pumps, electricity to all slips, waste water pump-out, laundromat and shower and restroom facilities. Ample parking (400 spaces) is available at the marina.

Adjacent to the marina is a seafood restaurant with an excellent reputation. A picturesque view of the lake is available from the dining room and balcony of the restaurant. Boaters frequently moor their boats at the "Roost" while they enjoy the food and view from next door.

The marina is occasionally hampered by strong winds and does not provide good storm protection; however, it has access to good sailing waters and enjoys an excellent reputation.

TD's Marina

TD's was built in 1984 on Bayou Bluff, one-fourth mile north of the lakeshore. There are 150 slips ranging from 16 to 40 feet, supplied with electricity and water. Currently the marina has a 90 percent occupancy. Marine facilities available at the marina include dry storage, launch ramp, dockside fuel and sewer pump-out. The marina also offers a lounge, restroom, shower and laundry facilities.

Hideaway Cove

Hideaway Cove is a relatively small marina, 85 slips, and caters mainly to sport fishermen. It is located on the northeastern side of Lac Louisianne. Twenty slips are reserved for overnight or short-term renters, with the remaining 65 slips designated for permanent renters. Hideaway Cove operates at full occupancy and has a waiting list.

Services available include electricity and water to all slips, two launch ramps, repair services, and dockside fuel. A convenience store on the premises offers tackle, licenses, live bait, ice, beverages and groceries. The marina offers camping trailer space, restroom and shower facilities and a fish cleaning area.

Fair Weather Marina

The Fair Weather Marina, considered a small facility with only 52 slips, is located on the Bayou Carrollton. The marina is located five miles from the lake front. It is currently operating at capacity. Electricity is available to approximately half of the boat slips. The marina is geared to smaller craft, with slips of 16 to 30 foot length available. The marina users are mainly powerboat operators. A few sailboats are moored at the marina but the distance to sailing waters is a shortcoming of the location.

There are restroom facilities and a swimming and picnic area on the grounds. The marina also has one launch ramp available to the public as well as ample parking. The marina is popular with the local clientele because it provides a family-oriented atmosphere and is adjacent to the scenic Lac Louisianne State Park.

Easton Marina and Yacht Club

Located on Bayou Bon-Ton, Easton Marina is available on a members-only basis. There are 150 slips, ranging from 20 to 60 feet, and furnished with water and electricity. There is dry storage for 50 craft, with a 3 ton hoist at the marina for easy access to the water. Transient slips are not available.

A bathhouse next to the swimming pool provides shower and restroom facilities. The clubhouse houses the administrative offices, a bar and a public room.

SUMMARY

The marinas located between the expressway and Easton are currently operating at capacity with the exception of the North Lakeshore Harbor Marina. Once the second phase of its development is complete, the occupancy rate experienced by the marina is expected to increase as the housing units are sold and options are exercised for the docking space. Current rates charged by the marina developments in the area range between \$3.80 and \$4.50 a foot per month. Some of the marinas offer a lower rate when paid in full at the first of the year. A summary of the competing marinas is presented in the following table.

Lac Louisianne (North Shore)

Marina	Wet slips	Estimated Occupancy Rate (%)
North Lakeshore Harbor Marina	450	60
Lakeview Marina	328	90
Pelican's Roost	200	100
TD's Marina	150	90
Hideaway Cove	85	100
Fair Weather Marina	52	100
Easton Marina (Private)	150	100
Total wet slips	1415	

FINANCIAL ANALYSIS

The financial analysis prepared for Beau Soleil Marina presents information concerning the financial viability of the proposed coastal recreation development. The cost and returns used in the analysis reflect only the actual cash costs. A complete feasibility study for the Beau Soleil Marina development project has been commissioned and will be submitted to CMD to supplement the information presented in this section.

Construction / startup costs, annual operating expenses, income projections and a discounted cash flow statement were generated to provide information for the capital budgeting process used in evaluating the viability of Beau Soleil Marina. The construction startup costs statement reflects the estimated construction and startup expenditures incurred in establishing those expenses anticipated for annual operation of the marina. The projected income for the marina facilities appears in the Projected Annual Receipts Statement. Information generated in these statements are combined in the Discounted Cash Flow Statement. From this statement, the Capital Budgeting Decision criteria were developed to evaluate the proposed investment in Beau Soleil Marina.

Based upon the financial statements and the capital budgeting decisions generated for Beau Soleil Marina, the following conclusions were made:

1. Beau Soleil Marina generates a cash flow above the estimated operating cost during the first year.
2. The original investment has a projected payback period of 8.6 years. At the end of the ninth year, the marina will generate cash clear of the original investment.
3. The marina investment has an internal rate-of-return of three percent. The IRR is low, but the marina is considered to be a good long-term investment.

CONCLUSIONS

The data gathered for the economic and financial analysis of Beau Soleil Marina lead to the conclusion that the proposed marina development is a viable project. The location chosen for Beau Soleil Marina is in one of Louisiana's largest and most scenic recreational areas. An increasing amount of interest in boating recreation on Lac Louisianne has been identified, and the outward migration of more affluent families into the market area provides a target market for the recreational boating industry. Most importantly, the current recreational marinas on the north shore of Lac Louisianne do not meet the demand of the recreational boating community in the area.

The addition of Beau Soleil Marina to the North Lakeshore recreational boating industry will provide an opportunity for sailing enthusiasts to enjoy the luxury of a facility that provides modern facilities for both wet and dry storage of water craft while providing a family environment that meets the water based recreational needs of the clientele.

APPENDICES

ADJACENT LANDOWNERS

Included in this section would be a list of the property owners who own land adjacent to the proposed development site. A summary of the existing land uses of the adjacent properties should also be included.

DEVELOPER'S VITA

This information is provided to give a summary of the developer's experience. A list of previous work, success of the developments, and their location should be included. Any other information considered relevant should be included in this section.

Beau Soleil Marina
Capital Budgeting Decision
Internal Rate of Return

Year	Cash Flow	Present Value Factor (3%)	Present Value of Cash Flow (3%)	Present Value Factor (4%)	Present Value Cash Flow (4%)
0	-1,789,800.00	1.00	-1,789,800.00	1.00	-1,789,800.00
1	33,328.00	0.97	32,361.49	0.96	32,161.54
2	134,782.85	0.94	127,100.23	0.93	124,674.14
3	194,694.47	0.92	178,145.44	0.89	173,083.38
4	243,330.09	0.89	216,077.12	0.86	208,047.23
5	273,460.66	0.86	236,003.45	0.82	224,791.24
6	187,438.90	0.84	156,886.36	0.79	148,076.73
7	299,259.58	0.81	243,298.04	0.76	227,437.28
8	314,674.12	0.79	248,277.88	0.73	230,026.78
9	327,855.78	0.77	251,137.53	0.70	230,482.61
Salvage Value	178,980.00	0.77	137,098.68	0.70	125,822.94
			36,586.22		-65,296.13
0	-1,789,800.00	1.00	-1,789,800.00	1.00	-1,789,800.00

Capital Budgeting Decision

Payback Period

Year	Beginning Unrecovered Investment	Additional Investment	Total Unrecovered Investment	Cash Inflow	Ending Unrecovered Investment
	Dollars (\$)				
1	1,789,800.00	0.00	1,789,800.00	33,328.00	1,756,472.00
2	1,756,472.00	0.00	1,756,472.00	134,782.85	1,621,689.15
3	1,621,689.15	0.00	1,621,689.15	194,694.47	1,426,994.68
4	1,426,994.68	0.00	1,426,994.6	243,330.09	1,183,664.59
5	1,183,664.59	0.00	1,183,664.59	273,468.66	910,195.93
6	910,195.93	100,000.00	1,010,195.93	187,438.90	822,757.03
7	822,757.03	0.00	822,757.03	299,259.58	523,497.45
8	523,497.45	0.00	523,497.45	314,674.12	208,823.33
9	208,823.33	0.00	208,823.33	327,855.70	---0---

Beau Soleil Marina Discounted Cash Flow

	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Receipts											
Wet Slips	0.00	115,000.00	197,353.73	256,499.12	304,720.96	339,662.29	258,683.38	370,769.65	399,980.75	422,379.67	446,032.94
Dry Storage	0.00	18,720.00	32,123.52	39,536.64	46,969.53	49,570.95	52,355.37	52,355.37	55,287.27	55,287.27	58,383.36
Net Fuel Sales	0.00	12,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00
Total	0.00	145,720.00	253,477.25	320,035.76	375,690.49	413,241.24	435,038.75	435,125.02	479,268.02	501,666.94	528,416.30
Expenditures											
Construction & Equipment	1,789,800.00	0.00	0.00	0.00	0.00	0.00	100,000.00	0.00	0.00	0.00	0.00
Annual Operating Expenses	0.00	112,400.00	118,694.40	125,341.29	132,360.40	139,772.58	147,599.85	164,065.44	164,953.90	173,811.16	183,544.58
Total	1,789,800.00	112,400.00	118,694.40	125,341.29	132,360.40	139,772.58	247,599.85	164,065.44	164,953.90	173,811.16	183,544.58
New Cash Flow	-1,789,800.00	33,328.00	134,782.85	194,694.47	243,330.09	279,468.66	187,438.58	299,259.58	314,674.12	327,855.78	344,071.72

Assumptions:

1. There is 5990 linear feet available to rent as wet slips
2. There are 30 dry storage sheds with private storage areas
3. Rental fees start at \$4.00/ft/month for wet storage and increase 5.6% each year
4. Fees for the dry storage sheds start at \$130.00/month and increase 5.6% every other year
5. Occupancy rates expected by the marina are as follows:
Year 1 - 40 percent
Year 2 - 65 percent
Year 3 - 80 percent
Year 4 - 90 percent
Years 5-10 - 95 percent
6. Year 6 of operation will include a \$100,000.00 renovation of facilities

Beau Soleil Marina

Projected Annual Receipts

Slip Rentals and Storage

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Wet Slips rate per foot (\$)	4.00	4.22	4.46	4.71	4.97	5.25	5.55	5.86	6.19	6.53
per month (\$)	9,584.00	16,446.14	21,374.93	25,393.41	28,305.19	29,890.28	31,564.14	33,331.73	35,198.31	37,169.41
per year(\$)	115,008.00	197,353.73	256,499.12	304,720.96	339,662.29	358,683.38	378,769.65	399,980.75	422,379.67	446,032.94
Dry storage rate per stall (\$)	130.00	137.28	137.28	144.97	144.97	153.09	153.09	161.66	161.66	170.71
per month (\$)	1,560.00	2,676.96	3,294.72	3,914.13	4,131.58	4,362.95	4,362.95	4,607.27	4,607.27	4,065.28
per year (\$)	18,720.00	32,123.52	39,536.64	46,969.53	49,578.95	52,355.37	52,355.37	55,287.27	55,287.27	58,383.36

1. There are 5990 linear feet available to rent as wet slips
2. There are 30 dry storage sheds with private storage areas
3. Rental fees start at \$4.00/ft/month for wet storage and increase 5.6% each year
4. Fees for the dry storage sheds start at \$130.00/month and increase 5.6% every other year
5. Occupancy rates expected by the marina are as follows:
 - Year 1 - 40 percent
 - Year 2 - 65 percent
 - Year 3 - 80 percent
 - Year 4 - 90 percent
 - Years 5-10 - 95 percent

Beau Soleil Marina Annual Operating Expenses

Personnel	Cost (\$)	
Manager/harbor Master	20,000.00	
Secretary	12,500.00	
Accountant	4,000.00	
Handyman	10,000.00	
Subtotal		51,500.00
Business Office	1,200.00	
Travel	10,000.00	
Employee Benefits	15,000.00	
Insurance	700.00	
Postage	1,500.00	
Office Supplies	1,200.00	
Subtotal		28,400.00
Maintenance		
Utilities	20,000.00	
Equipment	1,500.00	
Building	2,000.00	
Dock	2,000.00	
Subtotal		
Other		
Advertisement	5,000.00	
Miscellaneous	2,000.00	
Subtotal		7,000.00
Total		60,900.00

Beau Soleil Marina Construction / Startup Costs

Construction	Cost (\$)	
Earthwork / dredging	70,000.00	
Electrical / Lighting	100,000.00	
Sewer / Plumbing	75,000.00	
Dry Storage Shed	50,000.00	
Office / Store	80,000.00	
Pavilion	100,000.00	
Parking Area	10,000.00	
Dock Area		
Bulkhead	125,000.00	
Floating Dock / Walkway	1,020,000.00	
Fuel Dock	25,000.00	
Miscellaneous		
Landscaping	20,000.00	
Playground	5,000.00	
Marine Equipment	50,000.00	
Chase Boat	25,000.00	
Subtotal		1,755,000.00
Business / Office Startup Costs		
Furniture	8,000.00	
Computer	5,000.00	
Consultants		
Accountant	5,000.00	
Architect/Engineer	7,000.00	
Legal	5,000.00	
Miscellaneous		
Radio	1,000.00	
Fees/ License	1,000.00	
Signs	2,800.00	
Subtotal		24,800
Total		1,789,800.00